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A new era of insurance

By Amir Sadiq



The return of the 33rd GAIF conference this year, and as a live in-person event, represents a return to normality following more than three years of a global pandemic during which many such events had to be cancelled or postponed, and those that went ahead were forced to take place virtually.

The last GAIF conference took place in Hammamet, Tunisia in 2018. Four years on, the world has gone through unprecedented changes. It is, however, encouraging to see the importance of the conference undiminished, with over 1,200 registered participants from across the globe in attendance.

But normality does not necessarily equate to business as usual.

With the theme of this year's conference being 'The new situation and its impact on the insurance industry: What are the challenges and opportunities for the Arab insurance market?', it also symbolises a new age of challenges, opportunities and risks for the insurance industry to deal with post-pandemic.

Health insurance evolving

COVID-19 increased demand for health coverage among consumers and, coupled with health insurance being made mandatory in several MENA markets, represents a tremendous opportunity for insurers. Treatments and procedures that were delayed during the pandemic will also add to this demand.

At the same time, there are challenges that will be faced as insurers look to capitalise on that demand. Rising healthcare costs and normal inflationary

pressure mean that insurers will have to find ways to keep premiums affordable.

Consumers have also grown to expect seamless remote services over the last three years in many aspects of their lives and health insurance is no exception. Technology holds many solutions to this challenge, but insurers will have to navigate complex regulations as they pursue digital transformation.

Emerging risks

The sheer scale and severity of COVID-19 has put a spotlight on the risk of future pandemics, which many experts predict will occur more frequently in the future.

On top of the obvious health risks, COVID-19 has shown that a full-scale global pandemic could also have dire repercussions for supply chains and businesses. The insurance industry will have to learn from the recent pandemic to make sure these sectors are adequately protected and prepared for the future.

One factor in the rise of pandemic frequency is the warming weather as a result of climate change that has

continued its march inexorable. In the MENA region, climate change could have devastating consequences, rendering some areas unliveable and reducing agricultural yields as average temperatures soar, according to the UN. Insurance will have a crucial role to play in helping societies build climate resilience.


And then there are cyber risks, which are expected to proliferate as the world rapidly becomes increasingly digital and interconnected. With more and more businesses relying on technology to operate, there will need to be discussions on how cyber policies can cover business interruption losses in addition to ransom demands and the costs of engaging breach counsel.

Motor insurance

Motor insurance is another growing area of concern now that markets are opening up and countries are lifting pandemic restrictions.

Premium prices dropped over the last three years due to a reduction in claims as traffic levels dropped and attempts at retaining customers, falling by as much as 20% in the UAE in the first half of 2021. Now that traffic is back to normal levels, claims are expected to increase.

Motor insurance is also heavily tariffed in many Arab countries and, together with inflation of spare parts costs and stiff competition, this means that motor insurers are likely to face intense margin pressures.

These are just some of the topics that will be discussed over the next three days as industry experts give their take on what the insurance industry needs to do in this new era. 



More salad days for MENA

By Paul McNamara



The general insurance industry tends to grow when the economy is booming. In the Arab world, the economy tends to boom when the prices of oil and gas are elevated. On that basis, the next four or five years could be a period of significant insurance growth in MENA as Russia president Vladimir Putin's invasion of Ukraine pushes up the price of hydrocarbons around the globe.

Because of the rise in oil and gas prices, according to the IMF, GCC states could be looking at an upside of \$1.4tn over the next five years.

"We expect the oil price, compared to last year, to increase by 55%, which will improve their growth prospects, but also it will be a big windfall in terms of capital flows," IMF Middle East and Central Asia department director Jihad Azour told an online panel discussion in May.

"If we look at the next four to five years to give you the order of the magnitude, we are expecting more than \$1tn to \$1.4tn of additional revenues to oil exporting countries, especially to the GCC," he said.

Surging revenues

Saudi Arabia alone saw oil revenues of \$49bn in 1Q – up 58% on the corresponding period last year. The UAE and Qatar are looking at similar pictures of vastly increased revenue flows.

The harsh reality is that the turmoil sweeping the world's energy markets is already offering huge rewards to energy states and making both major insurers and bankers look alert to new opportunities – and causing some to question the wisdom of embracing 'green' energy initiatives quite so robustly.

Across the entire Arab world, there seems little doubt that infrastructure, tourism and healthcare all require huge investment – as well as robust underwriting. While the headline projects within this new growth phase will be the likes of the futuristic Neom city, sports-centric Qiddiya outside of Riyadh and a massive Red Sea tourism project – every nation in the Arab world is likely to see significant financial benefit from these increased revenue flows.

This time it will be different

Many will remember the last time elevated oil prices caused substantial growth in the MENA region, during the heady days of 2004-2008. Massive social projects such as building affordable housing in Egypt rubbed shoulders with phantasmagorical projects like 'Chess City', in which tower blocks in the shape of chess pieces would dominate the skyline.

All of this required vast investment, but it also required huge amounts of underwriting.

An influx of talent into the region will mean more cars, more real estate, more healthcare, more aviation – more everything, in fact. And none of it possible without flexible, adaptable and forward-thinking insurers to smooth the way.

There is some strength in the argument that the last oil-price-fuelled bonanza in the Arab world was wasted and that not enough was spent on improving the internal processes and compliance procedures of insurers. There was also not enough consolidation of smallish and unprofitable insurers, some of them kept afloat through habit and ego rather than sound business sense.

Now could be the time for putting that to rights and investing in an insurance and reinsurance industry that is future-ready, technologically adept and nimble. There seems little doubt that the MENA markets will be the growth engine of world for the next five years or more – and now is the time to attract the right talent, forward plan and take the lead.

There might not be another chance to get it right. ▣



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Praise for GAIF

“ GAIF was established in 1964 to increase the efficiency and contribute to the exchange of knowledge and experience among insurance professionals and the whole insurance industry in the region.

The networking between GAIF members and global reinsurance companies creates more understanding of the reinsurance needs in the MENA region and bridges the gap between the international reinsurance practice in Europe/USA and the Arab insurance companies within the region.

The GAIF conference is a good platform for training and interacting with participants from different countries, learning new ways of conducting business and sharing experience and knowledge that can be used in day-to-day business. ”



– Arab Loss Adjusters chairman and managing director Walid Jishi

“ In my view, having attended most of the GAIF conferences since I began my career in insurance and reinsurance 40 years ago, I believe the GAIF organisation is one platform, among others, where worldwide experts gather, particularly to meet and discuss industry happenings, and to forge ahead with what needs to be done and what is expected in the field of insurance and reinsurance in the member countries and companies in the MENA region.

Hence, it is our duty to keep supporting such gatherings for brainstorming. This is one platform where our industry's challenges are addressed and where all industry peers strive to create a win-win situation for stakeholders and support efforts towards benefiting clients in the various markets, which is the goal.

Therefore, encouraging such gatherings at GAIF helps with exchange of knowledge and ideas to progress further and build better standards. Suffice to say, GAIF is open to international attendees and not just to the member companies. ”

– Emirates Insurance Association secretary general Fareed Lutfi

“ The GAIF conference has always been an essential and fundamental insurance gathering in the MENA and East Mediterranean region, not only for the delegations' commitment but also from the takeaways for our industry and the themes being addressed.

GAIF 33 has additional extraordinary challenges and obligations as it comes after a global pandemic that has accelerated innovation in our industry and has shaped future trends despite the unfortunate loss of lives and heavy toll on global economies.

The GAIF conference was postponed twice because of the COVID-19 pandemic and is now under new leadership and a team committed to excellence. This year's conference is hosted by Algeria, bringing our family and friends from the industry back together to shape the new silhouette of our insurance industry, from the 'Bottomry' contracts days of Babylon and the code of Hammurabi to today's technologically innovative real-time protection and preventive 'blockchained' covers. ”



– Gen Re regional director LH MENA and east Mediterranean Mazen Abouchakra

“ GAIF is one of the most prestigious insurance organisations that gathers insurance and reinsurance professionals in the Arab countries in addition to other related business associations. GAIF has been providing its services for decades and during its lifetime, it has been able to play a very important role in adding value to its members in all aspects of insurance matters.

GAIF organises its main conference every two years where different market stakeholders meet and exchange views on how to develop the Arab insurance markets and cooperate not only with Arab players but also with other players in the rest of the world. Even through lockdowns due to the pandemic, GAIF was able to communicate with its members and has provided valuable webinars that helped the markets to stay in tune with all the new initiatives in the world of insurance.

Through its newsletter, GAIF is able to keep its member companies up-to-date with all the new insurance products and the important challenges and changes in the insurance sector.

It is worth mentioning that GAIF is giving off positive new vibes and is moving towards a new, modern era due to the involvement of the GAIF board members in supporting the current executive management and the harmonious relationship among all. I do appreciate the efforts of our colleagues in Tunisia during the last four years and wish all the success to our colleagues in the Algerian market for a very successful GAIF conference and two years of leading the organisation further. ”

– gig - Egypt managing director and Insurance Federation of Egypt chairman Alaa El-Zoheiry



Resilience and friendship

As delegates arrived in Oran for the 33rd General Arab Insurance Federation Conference, the sense of anticipation for a great event was heavy in the air. Old friends and new contacts mixed in an enviable display of resilience – with the focus very much on getting-back-to-business after the traumas of the pandemic.



GAIF delegates invited to this year's SIRC

The organisers of the Singapore International Reinsurance Conference (SIRC), the Singapore Reinsurers' Association, is extending an invitation to all employees of GAIF member companies to attend the 18th SIRC at a 10% discount off the applicable delegate fees.

The 18th SIRC will be held from 31 October to 3 November 2022 at Singapore's Sands Expo & Convention Centre with the theme – 'Re-connecting ... Re-shaping the future!'. Registrations will commence from 20 June at <https://www.sirc.com.sg>.

Please note that, in accordance with Singapore's national guidelines, only fully-vaccinated delegates will be

FULL (IN-PERSON + VIRTUAL) DELEGATE PASS		VIRTUAL DELEGATE PASS
Early registration (until 31 August 2022, 23:59h SGT, UTC+8)	Regular registration (from 1 September 2022, 00:01h SGT, UTC+8)	Regular registration
\$S\$1,180	\$S\$1,480	\$S\$180

admitted into the 18th SIRC conference venue. Overseas delegates should check here – <https://safetravel.ica.gov.sg/arriving/overview> – for updates on the entry criteria and travel checklists for Singapore.

Launched in 1991, the Singapore International Reinsurance Conference or SIRC has established itself as one of the most important events on the global reinsurance calendar where leading

insurers, brokers and reinsurers gather to take stock of the reinsurance market and set the tone for the renewal season while exploring new opportunities for business cooperation. At the last live event in 2019, the SIRC drew almost 1,100 delegates and nearly 1,900 meeting visitors from 52 countries, with over 200 industry organisations actively supporting the event as partners, exhibitors and meeting hosts. 



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